

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Central Services	(2) MEETING DATE 11/1/2016	(3) CONTACT/PHONE Rocky Buoy 805-788-2459	
(4) SUBJECT Request to approve a five-year renewal contract (Clerk's File), with an option to renew for two additional years, with San Luis Auto Parts, Inc. for an estimated annual amount of \$650,000 to provide on-site automotive parts and supplies service to County Fleet Services. All Districts.			
(5) RECOMMENDED ACTION It is recommended that your Board approve a five-year renewal contract, with an option to renew for two additional years, with San Luis Auto Parts, Inc. for an estimated annual amount of \$650,000 to provide on-site automotive parts and supplies service to County Fleet Services and authorize the Central Services Director to sign renewal agreements.			
(6) FUNDING SOURCE(S) Fund Center 407 Fleet Services	(7) CURRENT YEAR FINANCIAL IMPACT \$650,000	(8) ANNUAL FINANCIAL IMPACT \$650,000	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>June 21, 2011 Item A-10</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Central Services / Rocky Buoy
805-788-2459

DATE: 11/1/2016

SUBJECT: Request to approve a five-year renewal contract (Clerk's File), with an option to renew for two additional years, with San Luis Auto Parts, Inc. for an estimated annual amount of \$650,000 to provide on-site automotive parts and supplies service to County Fleet Services. All Districts.

RECOMMENDATION

It is recommended that your Board approve a five-year renewal contract, with an option to renew for two additional years, with San Luis Auto Parts, Inc. for an estimated annual amount of \$650,000 to provide on-site automotive parts and supplies service to County Fleet Services and authorize the Central Services Director to sign renewal agreements.

DISCUSSION

The Central Services Department Director acts as the Purchasing Agent and is charged with the responsibility to purchase all supplies, materials and equipment for the County. This action is authorized by County Code Section 2.36.030 which describes the specific duties of the Purchasing Agent. County Fleet Services, a division of the Central Services Department, maintains over 1,000 vehicles and pieces of equipment. This fleet is utilized for services provided by all departments of the County of San Luis Obispo.

Fleet Services has procured parts and supplies from an onsite supplier since April 27, 2004. This has proven to be an effective means of keeping staff focused on the maintenance and repair of the fleet while having the necessary parts readily available. Continuing to host an onsite parts vendor eliminates the need for fleet mechanics and staff to use revenue producing labor hours to acquire parts. Use of this onsite vendor also reduces the associated administrative tasks and liabilities related to parts inventory management.

The current contract expired on June 30, 2016 and has been operating on an extension since that time. A Request For Proposal (RFP) was sent out to prospective proposers, and was also posted on line, from July 8, 2016 through August 5, 2016. Two proposals were received. A selection committee was formed and the proposals were closely evaluated with an award selection criteria based on parts availability, inventory maintenance support, delivery time, cost, payment terms, payment discount, company and employee experience, company and employee qualifications, company credit worthiness, references and proposal compliance. San Luis Auto Parts Inc. (Hereinafter referred to as SLO Auto), who conducts business under the NAPA trademark, was selected to be the service provider under this RFP.

The agreement provides for SLO Auto to provide personnel, parts and supplies necessary to run an efficient onsite parts operation for County Fleet Services. The County will provide a secure building for the parts storage and operations. SLO Auto will be responsible to supply Fleet Services with a minimum of 85% of all repair parts and shop supplies for the next five (5) years. Historically, the total parts purchase has totaled approximately \$650,000. The term of the contract is for five years with an option to renew for two additional one year terms. As part of the recommendation, it is requested that the Central Services Director be authorized to sign the renewals.

Fleet Services will continue to save direct labor hours by eliminating the time needed to acquire parts. Having a well-managed parts inventory onsite will keep our mechanics from having to research the part specifications, spend time on the telephone to locate the parts and to drive to several locations to pick-up and deliver these parts.

The administrative requirement to manage these parts is also greatly reduced for Central Services Department administrative staff as well as for the Fleet Service Writers. The automated parts issue process provided by the vendor eliminates the steps necessary to buy, sell and issue parts to work orders within our Fleet Management software. The County will also continue to realize savings by reducing the administrative workload to pay just one vendor rather than managing several dozen accounts with all of the vendors we would otherwise have to use.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has approved the legal form and effect of this contract. All departments participate in utilizing the fleet in some form.

FINANCIAL CONSIDERATIONS

This contract for in-house parts service will continue to eliminate the need for the County to stock and administer nearly \$100,000 worth of parts and supplies. The onsite vendor will continue to eliminate an average of five trips per day to retrieve parts from offsite vendors. This alone saves several hours per day which results in less down time for vehicles, more rapid turnaround for repairs, and more productive time for vehicle operators. In addition, there is one vendor bill to pay per month instead of several dozen vendors with a corresponding reduction in paperwork. The system allows more extensive tracking of vehicle/equipment repair costs. The contract requires 85% of parts be immediately available on site with 95% being available by the next day. This provides a significant increase in mechanic productivity.

The cost for this service has recently ranged from \$600-650 thousand as indicated in the following table.

Description	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Budget
Parts - General	\$394,389	\$434,834	\$468,000
Parts - Tires	\$206,280	\$216,772	\$182,000
Total	\$600,669	\$651,606	\$650,000

RESULTS

Approval of this service contract will allow SLO Auto Parts Inc. to continue providing personnel management, parts and shop supplies necessary to maintain, repair and operate the County fleet of vehicles and equipment. This contract will assist Fleet Services in meeting the goal of reduced vehicle down time. Additionally, this will eliminate the need to maintain and manage an inventory of parts and supplies. This is the most practical and efficient method of parts management and thereby enhances the County's fleet operations and our contribution to a well governed community.

ATTACHMENTS

1. Clerks File Coversheet